



HIGHER
EDUCATION
QUALITY COUNCIL
OF ONTARIO

ANNUAL REPORT
2008-2009

ANNUAL REPORT 2008-2009

PROFILE

The Higher Education Quality Council of Ontario is an independent agency of the Government of Ontario dedicated to supporting the ongoing improvement of Ontario's system of postsecondary education. The Council was created through the Higher Education Quality Council of Ontario Act, 2005. Its mandate is to conduct independent research, evaluate the postsecondary education system and provide policy recommendations to the Minister of Training, Colleges and Universities with a view to enhancing the quality, access and accountability of higher education in Ontario.

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CHAIR'S MESSAGE

In creating the Higher Education Quality Council of Ontario (the "Council"), the Government was seeking to ensure that higher education and the policies developed to support it would be grounded in the best evidence and analysis contemporary scholarship can provide. I am pleased to report that the Council is fully engaged in meeting this mandate.

Executing our Research Strategy

Last year, we evaluated the postsecondary education sector based on four major themes: accessibility, learning quality, accountability and system design. We published our *Second Annual Review and Research Plan* in February 2009. In that report, we articulated for each theme what we believe are reasonable expectations for the system, and we used the best available evidence to assess where the sector stands relative to those expectations. In some cases our assessment is, of necessity, provisional; better information will provide the basis for firmer judgment in future years.

In all, we completed and released 11 commissioned papers, with more due for publication in the coming months. We have also begun to provide advice to the Minister of Training, Colleges and Universities on such issues as the Multi-Year Accountability Agreements, the Student Access Guarantee and polytechnic education. All of our advice will, in due course, be made public.

We also organized a number of seminars, workshops and conferences on subjects such as teaching and learning, student services and aboriginal participation that attracted a large number of interested colleagues from colleges and universities.

Governance and Strategic Planning

I was pleased to continue working with an excellent board of directors: Norie Campbell, Gisèle Chrétien, Navin Dave, Catherine Henderson and David Marshall. Philip Steenkamp stepped down as a board member at the conclusion of his appointment as deputy minister of the Ministry of Training, Colleges and Universities, and we were pleased to welcome the new deputy minister, Deborah Newman. The experience and insight of these colleagues have been essential in directing the development and operation of the Council.

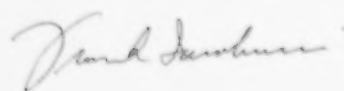
In March we held our second annual board strategic planning session where we confirmed the Council's directions for the next three years. We will continue to build on our research program organized around five issues:

- participation in postsecondary education, and educational attainment;
- accessibility;
- educational quality;
- system design, and the supply side of postsecondary education; and
- accountability.

As the number of research publications grows, the Council will undertake a more active program of communications to ensure that the findings and policy implications are known to the government and to stakeholders who are able to act on them. The Council will also continue to work in partnership with the Ministry to ensure that the best possible evidence is brought to bear on pressing policy issues.

A Concluding Thought...

Throughout its history, Ontario's higher education system has shown a capacity to adapt to the changing needs of students and society. This record of adaptation – during decades when the public sector as a whole has been challenged to provide better services to more people in an environment of constrained resources – is a tribute to the faculty, staff and administrators of the colleges and universities, as well as to the government which is their largest partner and provider. The Council is pleased and proud to play a part in helping to make a good system even better.



THE HONOURABLE FRANK IACOBUCCI, C.C., Q.C.

Chair, Higher Education Quality Council of Ontario

EXECUTING OUR RESEARCH STRATEGY

This year was the Higher Education Quality Council of Ontario (the "Council")'s first full year of research activity. As such, there was a need to establish a foundation on which to do future research; the Council's work focussed on building an understanding of the Ontario postsecondary education (PSE) environment. Using the research plan outlined in the 2007 *Review and Research Plan* as a guide, work was undertaken to develop knowledge in four key areas: access, quality, accountability and system design.

A total of 19 projects on accessibility, valued at \$1,374,000 were initiated; six projects, valued at \$161,000, were commissioned to review various survey instruments and data sets that can be used to analyze student satisfaction with, and participation in, postsecondary education; six reports, valued at \$1,044,000, were commissioned to explore learning quality, including student engagement and successful teaching and learning strategies.

The Council explored issues in teaching and learning through projects such as *Research Study on a Knowledge Exchange Network for Exemplary Teaching in Ontario Higher Education*; *Student Course Evaluations: Research, Models and Trends*; and *The Nexus of Teaching and Research: Evidence and Insights from the Literature*. Further to this theme, the Council held *Taking Stock: A Symposium on Teaching and Learning Research in Higher Education* and will publish the proceedings.

Through published reports, such as *Polytechnics in Higher Education Systems: A Comparative Review and Policy Implications for Ontario*; *Degrees of Opportunity: Broadening Student Access by Increasing Institutional Differentiation in Ontario Higher Education*; *Making College-University Cooperation Work: Ontario in a National and International Context*; and *Apprenticeship Training in Ontario: Literature Review and Options*

for Further Research, the Council looked at how institutions operate as a system.

The Council launched three multi-year projects in 2008-09 exploring various aspects of institutional functioning and behavior: the *National Survey of Student Engagement (NSSE) Intervention Project* with a total of 11 Ontario universities participating in a series of intervention experiments; the *Knowledge Mobilization for Exemplary Teaching and Learning Program (KMETL)*; and a series of projects at 16 different universities and colleges focused on evaluating the effectiveness of student services.

On student behavior, choices and barriers, the Council began to establish a base line for what is known about accessibility in Ontario by publishing *Access, Persistence and Barriers in Postsecondary Education: A Literature Review and Outline of Future Research*; *Accessibility in Ontario's Postsecondary Education System: An Interprovincial Comparative Analysis*; and *Institutional Student Financial Grants in Ontario*. Using this work as a launching pad, the Council commissioned work that more fully explores particular student choices and characteristics. Research was begun on the relationship between access and student financial assistance in two experimental economics projects as well as in a series of projects that look at

the particular challenges and opportunities for low income students, Aboriginal students and students with disabilities.

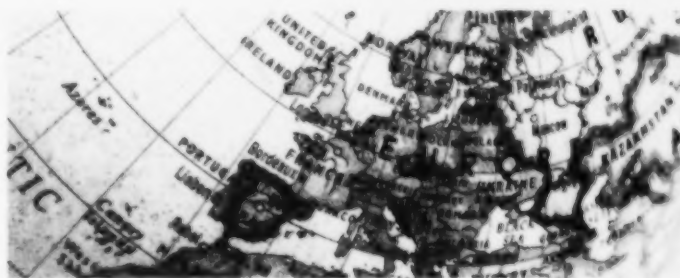
In relation to understanding the data environment in Ontario, the Council published *Producing Indicators of Institutional Quality in Ontario Universities and Colleges: Options for Producing, Managing and Displaying Comparative Data* which established an early picture of a data architecture for Ontario and identified gaps that remain. Following on this work, the Council focused on various national data sources such as the Survey of Labour and Income Dynamics, the National Graduate Survey, the 2006 Census results, and the Youth in Transition Survey to establish an increasingly more coherent understanding of postsecondary participation and attainment in Ontario.

In the process of developing this work, the Council emphasized the importance of building relationships with other researchers and research organizations in the sector, drawing on experience and knowledge that already existed and building networks of valuable expertise. In 2008-09, the Council launched projects with the Canada Millennium Scholarship Foundation; the Canadian Policy Research Network; the Educational Policy Institute; the Canada Council on Learning; Statistics Canada; and Human Resources and Social Development Canada (HRSDC), as well as a number of well known academic researchers in the sector who have previously published on postsecondary education. The Council also emphasized good working relations with front-line leaders at Ontario colleges and universities, and thus launched a number of projects working directly with institutional administrators, researchers and service providers to explore various aspects of how institutions operate.

An Evolving Research Framework

Uncovering new knowledge is a highly iterative process; as new knowledge is uncovered, further questions emerge and so further work must be undertaken. Building on the base of knowledge developed since work began in 2007 at the Council, the *Second Annual Review and Research Plan* was created and released in February 2009. Substantial findings were disclosed and areas for future exploration indicated.

The overall conclusions are that Ontario appears to be doing very well in terms of aggregate educational attainment and the perceived quality of institutional education. However, the data available for Ontario is still a challenge, and judging performance against expectations is hampered in nearly all instances by data limitations.



From the evidence available, it seems clear that Ontario's postsecondary education sector compares favourably to those of other provinces and many other countries with respect to access to quality education. This enviable position stems from the success the province's colleges and universities have had in training and educating Ontarians, and from Ontario's ability to attract persons with PSE credentials from other provinces and countries.

The situation is less clear with respect to prospective educational attainment. Ontario currently appears to be meeting expectations, as three-quarters of the population aged 20–24 already have a PSE credential or are enrolled in a college or university. This figure matches HRSDC's projections of the skill requirements of jobs over the next decade. It also makes Ontario a leader among the provinces, although, once again, data issues preclude making firm comparisons with other advanced economies.

On accessibility and student choice, we know quite a lot about who goes to PSE, but relatively little about how to reach those who do not go. We know that finances are an important variable, and we have a reasonably good understanding of how financial constraints operate and how, in principle, they can be overcome. We know that non-financial variables are key determinants as well, but we know much less about them. It is difficult to separate them from financial considerations and it is difficult to disentangle the set of possible influences.

On the issue of evaluating learning quality in PSE in Ontario, the general picture that emerges is confusing and contradictory. Using per capita funding as an indicator, the quality of Ontario universities appears to lag behind that of peer institutions in other provinces and particularly that of counterparts in the United States. No U.S. comparisons are possible for Ontario

colleges, but their per capita funding compares poorly to their counterparts in other provinces. However, other indicators, such as student and graduate satisfaction scores or NSSE engagement scores, paint a different picture. Ontario's universities compare favourably to those in other provinces, but less so to their U.S. counterparts. Again, no such comparisons are possible for Ontario colleges; however, time-series evidence for these institutions shows no apparent downward trend.

According to the usual criteria, Ontario appears to be well served by its quality assurance processes. All parts of the PSE sector are covered and the processes in place generally follow recognized practices in other jurisdictions. Two questions remain, however. First, are there alternatives to the current arrangements that could deliver quality assurance at less cost to the government and the institutions? Second, how do we know that intended educational outcomes are actually being achieved?

Analysis of the state of knowledge suggests areas that need further attention by researchers, and so the Council identified 16 key priority areas to be explored in 2009–10. Together, these projects represent important next steps in the Council's ongoing research program.

(See Outlook for 2009–10 for a complete list of these key areas.)



DISCOVERING AND SHARING KNOWLEDGE

The Council pursues an inclusive and open approach to both the seeking and sharing of knowledge.

Working Collaboratively

In 2008-09, the Council pursued a variety of initiatives designed to build strong and effective relationships and to identify opportunities to leverage the wealth of established research expertise within the higher education community.

The Council's president held 33 meetings with senior administrators and faculty from Ontario's universities and colleges of applied arts and technology. As well, the president met regularly with comparable national and international organizations.

The Council's Research Consultation Group, including representation from the universities and colleges; student and faculty associations; unions; and the Ministry of Training, Colleges and Universities met twice during the year. Members agreed there would be value in meeting more frequently, and it was decided that four meetings would be held annually.

During the 2008-09 fiscal year, staff made presentations to: the Canada-UK Colloquium; the National Education Association of Disabled Students Conference; the Quality Network for Universities Conference; a Workshop on the Transformation of Ontario's PSE System; the Canadian Institutional

Research Planning Association; and the Ontario Confederation of University Faculty Association's annual conference on accountability.

Staff also met with representatives from the European Commission; the Swiss Canadian Chamber of Commerce; the Swiss Consul; the Council for Higher Education based in Pretoria, South Africa; the Center for Higher Education Policy Studies, University of Twente in Enschede, Netherlands; and the Parliament of Victoria in Melbourne, Australia.

Ensuring an Open Dialogue

The Council completed work on enhancements for its web site (www.heqco.ca). The site has been redesigned to allow visitors to search, view and download research proposals and reports; to register for events; to subscribe to updates; and to engage in discussion forums. On average, almost 500 discreet users visit the Council's web site in a month to read research reports and news releases.

Faculty, administrators and representatives from the provincial government have told us that workshops, conferences and lectures are an effective way

of engaging those who have an interest in quality, access and accountability in postsecondary education. To facilitate constructive dialogue on research matters of interest to the Council and its stakeholders, various lectures, seminars and workshops were organized throughout the year. On average, over 85% of participants reported that the events were useful and well organized.

April 25 and 26, 2008 – Taking Stock: Symposium on Teaching and Learning Research in Higher Education

May 2, 2008 – British Columbia's Experience with Performance Indicators presented by Walter Sudmant

July 25, 2008 – Aboriginal Participation in PSE presented by George E. Lafond

October 22, 2008 – A project kick-off on research into issues facing disabled students in PSE

November 25, 2008 – The Transformation of Ontario's Postsecondary Education System Workshop

March 24-25, 2009 – Research Methods Workshop on the role of student services in supporting access, retention and quality

Published Reports

ACCESSIBILITY

The following reports were published in 2008-09:

Access, Persistence, and Barriers in Postsecondary Education: A Literature Review and Outline of Future Research – provides an overview of the current research on access to, and retention within, postsecondary education systems.

Institutional Student Financial Grants in Ontario – analyzes the type and amount of financial assistance provided to students by Ontario universities and colleges.

Accessibility in Ontario's Postsecondary Education System: An Interprovincial Comparative Analysis – reviews the performance of Ontario's postsecondary system in terms of accessibility and participation through an analysis of various statistical measures of access by socioeconomic status.

LEARNING QUALITY

The following reports were published in 2008-09:

Research Study on a Knowledge Exchange Network for Exemplary Teaching in Ontario Higher Education – explores how knowledge exchange networks for exemplary teaching can help Ontario's higher education sector be a leader in identifying, promoting, and applying exemplary teaching practices.

The Nexus of Teaching and Research: Evidence and Insights from the Literature – provides a high-level review of the existing literature on the connection between teaching and research and provides recommendations for next steps and future research options for the Higher Education Quality Council of Ontario.



ACCOUNTABILITY

The following reports were published in 2008-09:

Producing Indicators of Institutional Quality in Ontario Universities and Colleges: Options for Producing, Managing and Displaying Comparative Data

– assesses the information needs of Ontario's postsecondary system, what types of comparative quality indicator data are currently available, and how an effective common higher education data architecture could be constructed.

Student Course Evaluations: Research, Models and Trends – represents the first review and summary of existing research on student course evaluations from a Canadian perspective.

SYSTEM DESIGN

The following reports were published in 2008-09:

Polytechnics in Higher Education Systems: A Comparative Review and Policy Implications for Ontario – critically examines the experiences of selected higher education jurisdictions with polytechnic education through a literature review of relevant developments in the United States, United Kingdom, Australia, Finland and Canada.

Apprenticeship Training in Ontario: Literature Review and Options for Further Research – provides a brief overview of the relevant literature on apprenticeship training in Ontario, Canada, and around the world.

Degrees of Opportunity: Broadening Student Access by Increasing Institutional Differentiation in Ontario Higher Education – comments on whether there are significant gaps in Ontario's postsecondary education system with respect to education and research activities, and if so, how these gaps might be addressed.

Making College-University Cooperation Work: Ontario in a National and International Context – examines under what conditions institutional cooperation blossoms; how successful college-university partnerships in Ontario have been to date; and how the results of Ontario's approach to college-university relationships differ from those of jurisdictions with a system-wide approach to promoting student transfer.

STRENGTHENING OUR INFRASTRUCTURE

With a commitment to accountable and sound leadership and governance, the Council continuously reviews and modifies management practices and policies.

Governance Policies and Operating Processes

In previous annual reports, it was noted that the Council had developed appropriate governance policies and operating processes to manage its activities. This year, the Council reviewed some of these procedures and policies and amended them based on its working experience. It also developed policies to cover emerging areas of concern including:

Contracts: Experience with contracts was reviewed and the contract process was revised. The process requires procedures for justification of single source contracting, the treatment of intellectual property, and the public release of completed research work.

Risk assessment: The Council identified key risks to its business operations and developed a risk management framework and strategy that takes into account the likelihood of certain risks occurring, their potential impact and methods of avoidance or remediation.



OUTLOOK FOR 2009-2010

In the coming year, the Council expects to continue moving ahead with additional research projects as well as receiving findings from research currently underway. In the *Third Annual Review and Research Plan*, to be published in Fall 2009, the Council will continue to explore in greater depth the themes identified this year. Sixteen research areas are identified in the *Second Annual Review and Research Plan*, and these will form the priority research areas that will be pursued.

The Council's budget for fiscal year 2009-10 will see a sharp decline in its transfer payment from the Ministry of Training, Colleges and Universities. As a result, the priority research areas identified in the *Second Annual Review and Research Plan* will have to be assessed based on the new budgetary realities.

As identified in the *Second Annual Review and Research Plan*, these are the salient research areas for the Council:

1. Merging existing data sources such as the 2006 census, the Youth in Transition Survey, the Survey of Income and Labour Market Dynamics and the College Graduate Survey to provide a more complete empirical overview of PSE participation and attainment.
2. Developing a better understanding of two relatively neglected types of PSE: adult education (including learning and apprenticeship training).
3. Producing estimates of PSE participation rates for traditionally under-represented groups through survey or other techniques.
4. Identifying and assessing barriers to PSE from an Ontario perspective, with particular attention to non-financial barriers.
5. Sponsoring interventions in colleges and universities to test the relative effectiveness of policies designed to address barriers to PSE participation and persistence.
6. Developing a fuller understanding of the ability of engagement surveys to serve as indicators of learning outcomes in colleges and universities.
7. Evaluating the effectiveness of Ontario's quality assurance processes.
8. Sponsoring interventions to evaluate alternative approaches to teaching and learning.
9. Developing ways to mobilize existing knowledge about effective teaching and learning practices.
10. Evaluating the effectiveness of student service programs and identifying promising practices.
11. Evaluating the ability of the PSE system to respond appropriately to the province's labour market needs.
12. Providing a more complete account of PSE pathways and explaining student choices to switch programs, institutions or sectors.
13. Providing a preliminary analysis of proposals to deal with the Greater Toronto Area (GTA) capacity challenge.
14. Outlining a multi-year accountability framework for Ontario PSE.
15. Providing detailed analyses of potential performance indicators for inclusion in a multi-year accountability framework.
16. Developing a fuller understanding of the effect of tuition and student financial assistance policies on student participation, particularly in relation to professional programs and the Student Access Guarantee.

In addition to its research activities, the Council will continue to focus on engaging the higher education community by building on the successful workshops and events offered in 2008-09.

BOARD OF DIRECTORS

The Higher Education Quality Council of Ontario's board of directors brings a rich diversity of perspectives to the Council. Board members draw upon backgrounds in business, postsecondary education, and public service to guide and support the Council's initiatives.

The board of directors is responsible for setting strategic direction of the Council and ensuring that its activities remain aligned with its mandate. To meet these responsibilities, the board works closely with management to develop and approve the Council's annual business plan. The Council's board of directors met six times during 2008-09:

May 13, 2008	July 15, 2008
September 22, 2008	December 11, 2008
March 16, 2009	March 17, 2009

All board appointments are made by the Lieutenant Governor in Council.



The Honourable
Frank Iacobucci,
C.C., Q.C.
CHAIR

TERM: MAY 12, 2006 TO MAY 11, 2009
REAPPOINTED FEBRUARY 26, 2009
TO FEBRUARY 24, 2012

The Honourable Frank Iacobucci has had a distinguished career in private legal practice, academe, public service, and the judiciary. He received his B. Comm. and LL.B from the University of British Columbia. He went on to receive his LL.M. and Dip. Int'l L. from

Cambridge University. In 1967, he joined the Faculty of Law, University of Toronto, and was a professor of law there until 1985. He also served as vice-president, internal affairs at the University of Toronto from 1975 to 1979 and dean of the Faculty of Law from 1979 to 1983. From 1983 to 1985, he was vice-president and provost of the University. In 1985, he was appointed deputy minister of justice and deputy attorney general for Canada; in 1988, chief justice of the Federal Court of Canada; and in 1991, a justice of the Supreme Court of Canada.

He retired from the Supreme Court of Canada in June 2004 and served as interim president of the University of Toronto from September 2004 until June 2005. On July 1, 2005, he joined Torys LLP as counsel and became chairman of Torstar Corporation. He currently serves as a conduct review advisor for the Canada Pension Plan Investment Board and is a member of the board of directors of Tim Hortons Inc. As well, he is a member of the Law Commission of Ontario. He is a Companion of the Order of Canada.



Norie Campbell
BOARD MEMBER

TERM: OCTOBER 5, 2006
TO OCTOBER 4, 2009

Norie Campbell is a senior vice-president and assistant general counsel in the legal department at TD Bank Financial Group. From June 2004 to January 2006, she was vice-president and special assistant to the chief executive officer.

Prior to joining the legal department of TD Bank Financial Group in December 2000, she practised at the firm of McCarthy Tétrault LLP in their business law group. She is a member of the board of directors of the St. Christopher House Community Endowment.

She holds a LL.B. and LL.M. (banking and financial services) from Osgoode Hall Law School. She was called to the Bar in Ontario in 1997.



Gisèle Chrétien
BOARD MEMBER

TERM: SEPTEMBER 6, 2006
TO SEPTEMBER 5, 2009

Gisèle Chrétien served as president of Collège Boréal in Sudbury from 1998 to 2006. Prior to this, she was vice-president of programs and academic support at Collège Boréal, dean of community and health services, and director of health services.

She is currently the chair of the board of directors of the Sudbury Regional Hospital, and chair of the board of directors of TFO.

She holds a diploma in nursing from Cambrian College, a B.Sc. in nursing from Laurentian University, and an M.Ed. from the Ontario Institute of Studies in Education at the University of Toronto.



Navin Dave
BOARD MEMBER

TERM: SEPTEMBER 20, 2006
TO SEPTEMBER 19, 2009

Navin Dave is the managing partner for global resource leveraging for KPMG.

From 1984 to 1988 he was partner-in-charge of the Calgary office management consulting division. In 1994, he transferred to New Delhi, India as managing partner of KPMG India. On his return to Canada, he was appointed Calgary office managing partner and area managing partner for western Canada.

He holds a B.Sc. in mechanical engineering from the University of London and an M.Sc. in production engineering from the University of Birmingham. He is a fellow of the Institute of Chartered Accountants and a certified management consultant.



Catherine Henderson
BOARD MEMBER

TERM: JUNE 13, 2007 TO JUNE 12, 2009
REAPPOINTMENT JUNE 11, 2009
TO JUNE 10, 2011

Currently a management consultant, Catherine Henderson has served as president of the Ontario College of Art and Design, president of Centennial College, and vice-president, academic of Sheridan College. During her

distinguished career, she has also held a variety of academic positions at other leading Ontario educational institutions.

She is active in the community and is a member of the boards of the Multiple Sclerosis Society of Canada and the Toronto Waterfront Revitalization Corporation Advisory Committee.

She holds an Ed.D. from the University of Toronto, an M.Ed. from Brock University, a B.A. from the University of Toronto, and a diploma from Sheridan College.



David Marshall
BOARD MEMBER

TERM: JUNE 13, 2007 TO JUNE 12, 2008
REAPPOINTMENT: JUNE 11, 2008
TO JUNE 10, 2011

David Marshall is president of Mount Royal College, a position he has held since 2003. Prior to joining Mount Royal College, he had a long career in education as a high school teacher, professor and dean. Most recently he served as president and vice-chancellor of Nipissing University and for 13 years led that institution's transition to independent university status. He is currently leading Mount Royal through a similar transformation process.

He is a leader in the postsecondary education sector and has published on higher education management and undergraduate education. He holds various executive positions with several international higher education organizations.

He holds a B.Sc. from the University of Western Ontario, a Diploma in Education from Lakehead University, and an M.Ed. and Ph.D. in educational administration from the University of Alberta.



Philip Steenkamp
BOARD MEMBER (NON-VOTING)

TERM: SEPTEMBER 6, 2006
TO SEPTEMBER 5, 2009

Philip Steenkamp was appointed deputy minister of the Ontario Ministry of Training, Colleges and Universities in March 2006.

Prior to this, he was deputy minister of strategic policy and social development, Office of the Premier of British Columbia. Earlier, he was deputy minister of the B.C. Ministry of Advanced Education where he led the development of a long-term, comprehensive vision for postsecondary education designed to add 25,000 new student spaces by 2010.

He holds a B.A. Honours in History and English from the University of Natal in Durban, South Africa, and an M.A. and Ph.D. in African history from Queen's University, Kingston, Ontario.



Deborah Newman
BOARD MEMBER (NON-VOTING)

TERM: FEBRUARY 25, 2008
TO FEBRUARY 24, 2012

In December 2008, Deborah Newman was appointed Deputy Minister for the Ministry of Training, Colleges and Universities.

Prior to this appointment, she served for three years as Deputy Minister with the Ministry of Community Safety and Correctional Services. Deborah was responsible for policing, correctional services and public safety, including the Ontario Provincial Police (OPP), oversight

of municipal policing, the Centre of Forensic Sciences, the Office of the Chief Coroner, the Office of the Fire Marshal and Emergency Management Ontario.

Prior to joining the Ontario Public Service in 1987, Deborah held a number of senior management roles in correctional services in Alberta.

Deborah Newman holds a Bachelor's degree in Psychology, a Master's degree in Criminology from the University of Ottawa, and is a graduate of the Queen's University Public Executive Program.

OFFICERS OF THE COUNCIL

James Downey

PRESIDENT, CHIEF EXECUTIVE OFFICER
AND SECRETARY TO THE COUNCIL

Kenneth Norrie

VICE-PRESIDENT, RESEARCH

Elka Walsh

DIRECTOR, EXECUTIVE SERVICES

Laura Butler

DIRECTOR, CORPORATE SERVICES

Bob Glass

DIRECTOR, EXECUTIVE SERVICES (ACTING)
JULY 15, 2008 - JANUARY 26, 2009

AUDITOR'S REPORT

Deloitte.

To the Members of the Board of Directors
Higher Education Quality Council of Ontario

We have audited the statement of financial position of the Higher Education Quality Council of Ontario as at March 31, 2009 and the statements of operations, changes in net debt and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Higher Education Quality Council of Ontario at March 31, 2009 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
5140 YONGE STREET
SUITE 1700
TORONTO ON M2N 6L7
CANADA

TEL: 416-601-6150
FAX: 416-601-6151
WWW.DELOITTE.CA

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 17, 2009

AS AT MARCH 31, 2009

Approved by the Board

DIRECTOR

DIRECTOR

Statement of Operations

YEAR ENDED MARCH 31, 2009

	Budget (Note 10)	2009 Actual	2008 Actual
Revenues			
Provincial Funding	\$8,000,000	\$5,275,912	\$2,820,976
Amortization of deferred capital contributions	-	163,063	132,109
Interest income	-	20,123	34,057
	\$8,000,000	\$5,459,098	\$2,987,142
Expenses (Note 3)			
Governance	\$670,600	\$1,079,774	\$851,968
Research	6,213,300	3,442,655	959,444
Administration	1,116,100	936,689	1,175,730
	\$8,000,000	\$5,459,098	\$2,987,142
Surplus for the year and accumulated surplus, end of year	-	-	-

Statement of Changes in Net Debt

YEAR ENDED MARCH 31, 2009

	2009	2008
Net debt, beginning of the year	\$635,379	\$356,205
Surplus for the year	—	—
Acquisition of tangible capital assets	22,718	406,682
Amortization of tangible capital assets	(163,063)	(132,109)
Other adjustments – prepaid expenses	4,584	4,601
Net debt, end of the year	\$499,618	\$635,379

Statement of Cash Flows

YEAR ENDED MARCH 31, 2009

	2009	2008
Operating Activities		
Surplus for the year	-	-
Items not involving cash		
Amortization of deferred capital contributions	(\$163,063)	(\$132,109)
Amortization of tangible capital assets	163,063	132,109
Amortization of lease inducement	(38,586)	(35,369)
Changes in non-cash operating items		
Interest receivable	2,289	2,107
Accounts receivable	192,925	
GST receivable	3,797	(2,304)
Prepaid receivable	(4,584)	(4,601)
Accounts payable and accrued charges	280,126	148,966
Due from Ministry of Training, Colleges and Universities	(98,630)	
Due to Ministry of Training, Colleges and Universities	(197,394)	(199,937)
	\$139,943	(\$91,138)
Capital Activities		
Acquisitions of tangible capital assets	\$22,718	(\$406,682)
Financing Activities		
Deferred contributions related to capital assets	(\$22,718)	\$81,630
Increase (decrease) in cash	139,943	(416,190)
Cash balance, beginning of year	672,036	1,088,226
Cash balance, end of year	\$811,979	\$672,036

1. The Organization

FORMATION AND STATUS

The authority to create the Higher Education Quality Council of Ontario was established in the Higher Education Quality Council of Ontario Act, 2005. The Council is a Crown Agency of the Ministry of Training, Colleges and Universities (MTCU) and is classified as an Operational Services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The Council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the Council is not subject to income tax.

The Council is, and exercises its powers only as, an agent of the Crown. Limits on the Council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the Council and MTCU dated December 6, 2006.

COUNCIL OPERATIONS

The objective of the Council is to assist the Minister of Training, Colleges and Universities in improving all aspects of the postsecondary education sector, including improving the quality of education provided in the sector, access to postsecondary education and accountability of postsecondary educational institutions.

The Council is governed by a Board of Directors who are appointed by Order-in-Council for varying terms.

2. Significant accounting policies

The financial statements of the Higher Education Quality Council of Ontario (the "Council") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Accounting policies followed by the Council are as follows:

ACCRUAL BASIS OF ACCOUNTING

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired, and a legal liability is incurred or transfers are due.

GOVERNMENT TRANSFER PAYMENTS

The Council is funded solely by the Province of Ontario in accordance with budget arrangements established by MTCU. These financial statements reflect agreed funding arrangements approved by the MTCU.

Government transfer payments from the MTCU are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

DEFERRED CONTRIBUTIONS

Certain amounts, including transfer payments from the MTCU, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund expenses that are recorded as tangible capital assets, are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Life of lease

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these amounts.

3. Expenses by object

	Governance	Research	Administration	Total
Salaries and benefits	\$556,605	\$843,248	\$356,919	\$1,756,722
Research contracts	–	2,441,779	–	2,441,779
Consulting contracts	271,922	35,101	22,128	329,151
Other operating expenses	251,247	122,527	557,622	931,396
	\$1,079,774	\$3,442,655	\$936,669	\$5,459,098

4. Due to/from the Ministry of Training, Colleges and Universities

In accordance with the Council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to Ministry of Training, Colleges and Universities. In 2008/2009 a funding shortfall occurred and this amount is shown as a receivable from the Ministry as it is within the 2008/2009 approved budget.

5. Deferred capital contributions

Deferred capital contributions, represent the unamortized amount of grants and other contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

During the year, the Council utilized \$22,718 of its MTCU funding (2008 – \$112,725) for additional capital purchases. The MTCU funds used to purchase these capital assets have been included as part of deferred capital contribution and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

	2009	2008
Balance, beginning of year	\$627,791	\$678,270
Contributions received	22,718	81,630
Less amounts amortized to revenue	163,063	132,109
Balance, end of year	\$487,446	\$627,791

Deferred capital contributions relate primarily to funding received for leasehold improvements.

6. Tangible capital assets

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Computer hardware	\$51,745	\$30,484	\$21,261	\$32,989
Leasehold improvements	707,569	260,757	446,812	585,156
Furniture & Equipment	23,304	3,931	19,373	9,646
	\$782,618	\$295,172	\$487,446	\$627,791

7. Pension agreements

The Council makes contributions on behalf of its staff to the Public Service Pension Plan (PSPP) administered by the Ontario Pension Board (OPB), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rates in 2008-09 were 8% of the Year's Basic Earnings, plus 6.2% of the Year's Maximum Pensionable Earnings (YMPE), and if applicable, 8% of earnings in excess of the YMPE, up until January 1, 2009, when the rates changed to a two-tier system. The new rates are 6.4% of the YMPE plus 8.75% on earnings above the YMPE. Contributions in the amount of \$68,444 (2008 - \$44,419) were made for employee earnings and are included as an expenditure on the statement of operations.

8. Lease obligations and other commitments

The Council entered into a lease for 7,670 rentable square feet of office space on the 24th floor of 1 Yonge Street, Toronto, negotiated by the Ontario Realty Corporation, for a term of 5 years beginning May 15, 2007. Rentable square feet increased to 7,717 as a result of landlord's improvements to meet requirements in the Council's lease. Rent is payable monthly.

The Council's lease provided for a cash payment of \$25 per rentable square foot, as a rent inducement. An amount of \$192,925 has been received, and a portion of this has been amortized to reduce rent expense during the year. Amortization will continue over the term of the lease.

Minimum annual payments under operating leases are as follows:

	Premises	Office Equipment
2009-2010	\$248,930	\$9,072
2010-2011	248,930	9,072
2011-2012	248,930	9,072
2012-2013	31,163	4,368
	\$777,953	\$31,584

9. Contractual obligations

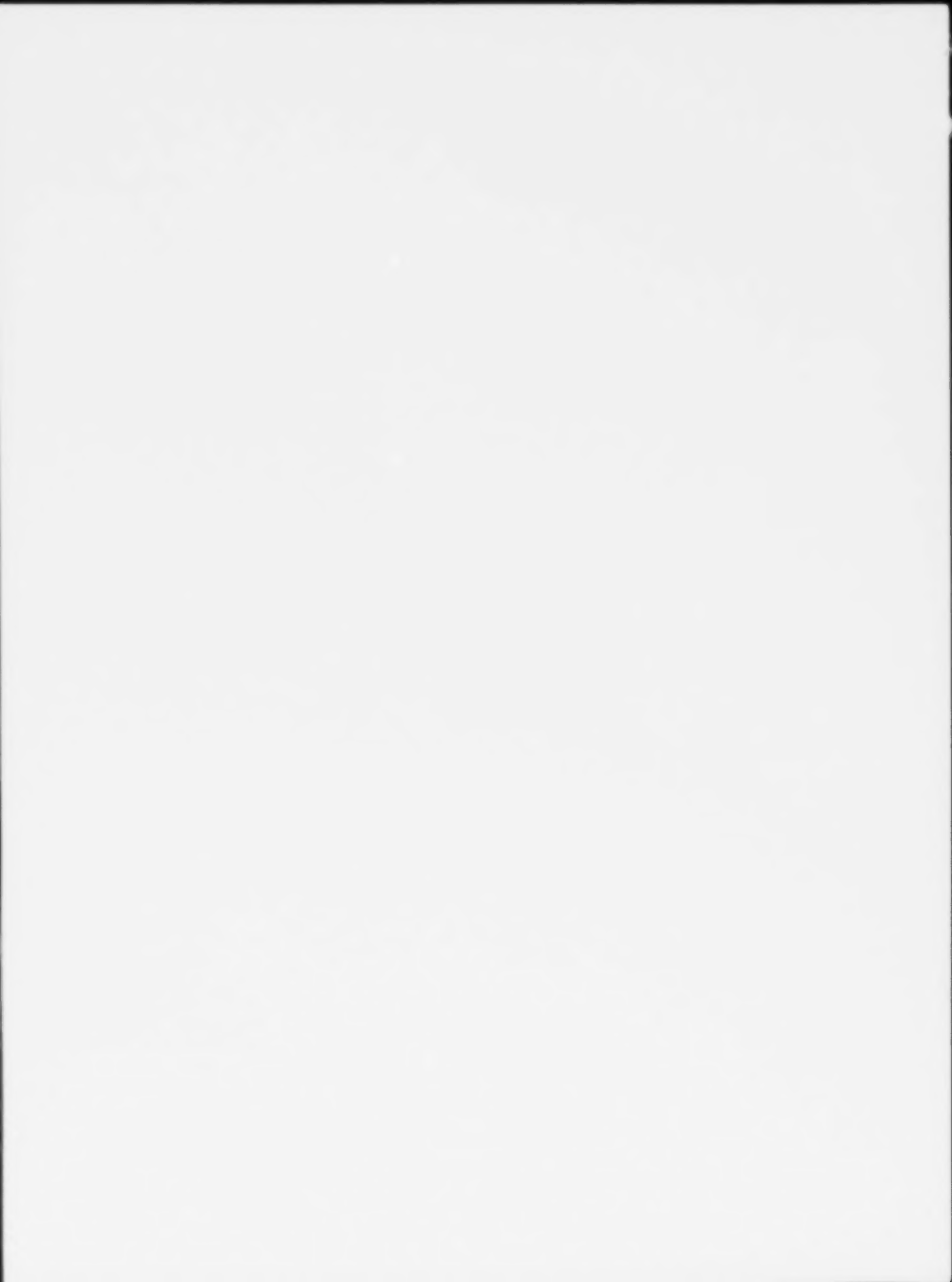
The Council has signed multi-year contracts with academic researchers where deliverables and payments are due over several years. These represent amounts for research services that have yet to be provided.

	Research contracts
2009-2010	\$1,771,131
2010-2011	587,988
2011-2012	193,856
2012-2013	50,398
	\$2,603,373

10. Budget figures

A total budget of \$8,000,000 was approved by the MTCU for 2008/2009. The actual cash flowed to the Council was less than the budgeted amount as a result of the anticipated level of activity in the year.

Subsequent to year end, the Council was informed that future budgets would be reduced by \$3,000,000. The Council has requested some relief from this reduction.





Higher Education
Quality Council
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For more information please contact us at:
1 Yonge Street, Suite 2402, Toronto, ON M5E 1E5 Canada
Phone: (416) 212-3893 Fax: (416) 212-3899
e-mail: info@heqco.ca www.heqco.ca

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